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ABSTRACT

Reactions to the American Institutes for Research (AIR) study of state legal chartering and approval procedures are presented. In presenting a federal perspective, Alfred Moye notes that the AIR study both assessed the degree to which postsecondary state licensing and approval agencies provide student consumer protection and suggested strategies that might help state agencies acquire stronger laws and enforcement mechanisms. It was found that 48 states and the District of Columbia exercise some sort of licensing authority over private nondegree-granting institutions, and that 38 states exercise specific licensing authority over traditional private nondegree-granting institutions. In presenting a state perspective, T. Edward Hollander suggests that a more generous federal recognition of the state role in higher education is needed, that state oversight for degree-granting institutions should be in authority of a state agency that is reasonably separated from the everyday political decision-making, and that the state's role with the degree-granting sector may be most effective if its efforts are limited to defining standards and encouraging the establishement of self-policing arrangements within the higher education community. While voluntary accreditation has specific problems, it is argued that state agencies should rely heavily upon voluntary accreditation. Some concerns about potential and actual abuses by state licensing agencies are raised. In presenting a national/federal perspective, John D. Phillips provides information on specific events that preceded the AIR report and suggests that a massive readjustment in the balance of power between government and other institutions is at issue. It is argued that the possibilities for voluntary self-regulation, preferably through expansion of accreditation processes, need to be explored. (SW)

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(REACTIONS TO THE AMERICAN INSTITUTES OF RESEARCH STUDY. FEDERAL, NATIONAL, AND STATE PERSPECTIVES. COLLECTED REMARKS)

T. Edward Hollander, John D. Phillips, Alfred Moye

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REACTIONS TO THE AMERICAN INSTITUTES FOR RESEARCH STUDY

I. A State Perspective

T. Edward Hollander
Chancellor, New Jersey Department of Higher Education

The "Palo Alto Four"* have done a magnificent job in sorting out and drawing meaningful conclusions from hundreds of pages of licensing laws. The document they issued is surprisingly readable and interesting, given the subject matter, which the U.S. Supreme Court would find to be completely "of redeeming social value."

In their conclusion, the authors cite a "tripartite" eligibility system involving state authorization, U.S. Office of Education (USOE) eligibility and voluntary accreditation as the soundest approach to consumer protection and the furthering of federal concerns for consumer protection in education. In fact, their findings encourage the view that the state is the most promising level of government for insuring adequate policing of postsecondary institutions, both for consumer protection and to safeguard the federal interest. I heartily agree that state authority and responsibility need to be extended if the state is to be the major focus for licensure and accreditation but that differences should be recognized between the proprietary and nonprofit sectors.

Postsecondary education continues as a state function. States are the principal source of institutional funding and constitute the level of government most responsible for coordination and governance. Thus they are in the unique position of influencing the panoply of institutional activities in relation to public policy objectives. The authors, out of necessity, have limited their study to the various areas of legal oversight and their findings in this area are particularly illuminating. Nevertheless, we would do well to bear in mind that a state's usefulness as overseer results less from its policing powers than from its broader public policy powers.

State licensure activities usually are not limited to issues of consumer protection but extend as well to assessment of need, to avoidance of program duplication and to other activities that are associated with planning and coordination functions. The states' policies and programs with respect to tuition, tuition aid and institutional support levels have the greatest impact on the well-being of private and public institutions. Compared to these broader questions of state resource allocation, licensure and program approval functions are trivial in their impact. Even so, they are not so trivial as to warrant our neglect, but their significance should be considered within the broader context of public policy.

For example, one of several examples of a well-articulated state-federal partnership exists in New Jersey where student aid is a shared effort with the state playing the roles of senior partner, financier and administrator of the system. The state's interests in minimizing abuse is paramount and federal reliance upon state surveillance will not go unrewarded. Similarly, in its loan efforts, New Jersey has a collection record that is unmatched elsewhere, because the state's self-interest lies in a responsible program that collects outstanding federal loan dollars. But what makes New Jersey a suitable partner in enforcement arrangements that both benefit students and make USOE look good is that broad public policy for all higher education extending over financial policy, budget allocations, student aid administration and program approval is within the province of a single department. All of these efforts are part of an interrelated whole. The purview, unfortunately, is limited to higher education and does not extend to nondegree-granting postsecondary institutions that fall under the authority of an older and better nourished sister agency.

A further and final argument for reliance upon the state is the wide variation among institutional configurations in the various states. Massachusetts and its heavy reliance upon private degree-granting institutions is vastly different from Alaska with its single private college. New Jersey with its continued reliance upon the rest of the country for higher education contrasts with the almost wholly self-sufficient California system. State differences in higher education are not idiosyncratic, but rather they reflect different traditions, histories, economies and student needs. Federal efforts to accommodate such variations,

* i.e., the four authors of the AIR report.

through federal statutes, rules and regulations, are likely to open more doors for abuse than state procedures could close. Federal efforts also are less likely to be effective.

So I offer as my first point — a self-serving one considering my position — that the usefulness of the state in its oversight role requires a more generous federal recognition of the state role in higher education. A decade ago, when the federal government began to aid local school districts on a significant level, it was concerned about the relative ineffectiveness of the state agencies for elementary and secondary education. It then adopted a financing policy designed to strengthen the state agencies, an effort that has been reasonably successful. The programs funded through the Education Amendments of 1978 rely heavily upon state agency policy making, surveillance and monitoring.

By contrast, the federal government maintains a direct relationship to institutions of higher education, avoiding, whenever possible, reliance upon the state agency. Such a policy has resulted in serious problems in student aid administration, administration of loan programs and the development of coordinated state policies. The federal government, facing as it does statewide postsecondary agencies that in some states are weak and fragmented, must choose between supporting and strengthening them or attempting its own enforcement arrangements. The latter course, in my view, if implemented, is likely to be ineffective, threatening to institutional autonomy, hopelessly bureaucratic and counterproductive. It could even lead to a weakening of state support for postsecondary education.

The nature and extent of the federal-state partnership is likely to be decided in the drafting of the Higher Education Amendments of 1980 and the way in which the proposed Department of Education, if and when it emerges, is structured. So it is that I applaud a major recommendation of the study that the federal government finance, in partnership with the states, strengthened state oversight in postsecondary education. The "feds" should do so, however, a broadened context that extends state efforts in planning, coordination, policy making and student aid and loan admimistration, drawing upon the federal experience at the elementary and secondary levels. I also applaud the recommendation that it do so only for states willing to establish effective statutory authority for oversight. The Education Commission of the States model legislation should be regarded as an adequate and desirable model for state oversight activities. All of the remaining recommendations are laudable, though not very useful unless the financing and the financial incentive proposal are implemented.

The study points out the significant differences in the source of complaints among students who attend proprietary (profit-making) and other institutions. These differences are critical to the nature of the statutory authority required and the enforcement procedures that may be appropriate. Students attending proprietary institutions are concerned about abuses that are common among commercial enterprises that sell products at the retail level, namely, pricing, refund policy, truth-in-advertising, adequacy of facilities, financial responsibility and so forth. Oversight of proprietary postsecondary institutions is needed to prevent "rip-offs" of the student, though the prevention of exploitation of federal and state aid programs may be a necessary, though secondary, objective.

Students seeking to attend degree-granting and even nondegree-granting public and nonprofit private institutions require a more sophisticated level of protection. Such students generally seek access to such institutions; they are more reluctant to withdraw, once admitted; their major resource commitment is time, earnings and other opportunities foregone rather than outlay costs, and their length of study is longer and hence the consequences of a bad decision are much greater than in the case of proprietary institutions.

While it may be that students attending degree-granting institutions require traditional consumer protection in some circumstances, I would argue that colleges and universities have built-in safeguards against the more obvious kinds of consumer abuse. First, there is no single proprietor or small group of stockholders who stand to gain or lose significantly from changes in the level of profits. Secondly, and more importantly, the decision-making process in a higher institution is diverse and involves a variety of interests including trustees, faculty members, organized student groups, alumni and the state. The obvious and typical consumer abuses are likely to cause indignation within the academy; they certainly would be recognized as "bad form." Thirdly, the students who attend private colleges and other nonprofit degree-granting institutions tend to be reasonably sophisticated consumers, though there are important exceptions among students who attend nondegree-granting postsecondary in-

stitutions or degree-granting institutions that tend to serve first generation college students.

Higher institutions are less likely to abuse the students in the traditional ways identified in the study, but they act in their own self-interest when survival is at stake or even to accomplish institutional goals that require sustained growth in enrollments and sustained or expanded financing. Several examples come to mind:

1. The encouragement of enrollments in programs of study for which job market opportunities are limited. The incentives for recruitment are financing for the institution and employment and promotion levels for the faculty.
2. The recruitment of students through the use of degree program options that sound romantic, but offer few opportunities for application, such as the master's degree in clinical psychology in states where the doctorate is required for practice.
3. The offering of programs of study that are shoddy because the potential student enrollment is insufficient to justify adequate facilities and faculty.
4. The overaward of credit in relation to available instruction in order to attract students (easy degree) or to qualify students for full-time status (for student aid) work when only part-time study is provided.
5. The recognition of life experience or credit by examination that is unwarranted in relation to actual accomplishments in order to recruit or retain students.
6. The reduction of standards of performance in order to retain tuition-paying students who should have been counselled into some other area of study.
7. The admission of students who are unprepared for college (and who are likely to drop out) without providing adequate counseling or remedial programs that could offer such students a reasonable chance for success.
8. The award of credits for noncollegiate preparatory work in order to attract such students and provide the full measure of tuition (or state aid).
9. The failure to provide adequate information to students and prospective students concerning availability of student housing, career opportunities in specialized areas of study, acceptability of transfer credits, an achievement profile of the freshman class, staffing and class size and counseling and related activities.
10. The award of unfunded student aid to attract high achievement students to their freshman year, but the failure to continue such aid in subsequent years.
11. The continuation of inadequate and below standard programs (at the graduate level) that credential students but do not offer them realistic probabilities for subsequent employment.
12. Inequitable or biased admissions procedures.
13. Use of accreditation and licensure authority at a home campus to franchise branch campus operations or other institutions to offer degree-credit work that they cannot offer under their own authority.

The point is that the nature of the oversight required for degree-granting institutions requires a higher order of judgment and the identification of possible abuses that are difficult to establish. In some cases the institution itself may be unaware that its actions have done harm to the student or exploited, improperly, federal or state financing arrangements. The nature of state oversight pertinent to the degree-granting sector is threatening. It borders on state intrusion into the academic activities of the institution. The boundary that separates academic freedom from academic accountability is neither well marked nor well defined.

So it is that I argue that state oversight for degree-granting institutions should be in the hands of an agency of state government that itself is reasonably separated from the everyday political decision-making process of state government. I argue too that federal financing, and the terms under which it is made available in tandem with state resources, should be sensitive to the academic checks and balances peculiar to the degree-granting institutions, as well as the high degree of judgment necessary to insure institutional accountability in the degree-granting sector. What are the pertinent elements of accountability?

1. The state board or commission that exercises such power should have all of the attributes usually delegated to a board of trustees with governance power over a degree-granting institution. Academic accountability should not be vested in appointed officials, the budget office nor the staff of the legislature.
2. The scope of oversight should extend to all institutions with degree-granting powers. No exemptions should exist through statute.
3. Academic oversight should be exercised

by a staff holding academic credentials and meeting academic requirements consistent with those required for academic administrators within the institution.

4. Academic oversight should be exercised through the following processes:

a. Full and fair disclosure to students and to the public about the institution's academic strengths and weaknesses, including but not limited to information about who is admitted, standards for grading and retention, including rates, what is taught and by whom, sufficiency of staff and faculties, description of pertinent instructional strategies and other information that would provide students with a reasonable basis for assessment of academic sufficiency and pertinence of the institution to student needs.

b. Full and fair disclosure to students and the public concerning "consumer practices," including admissions policies and procedures, tuition practices, available student aid, refund policy, degree requirements, housing and student services available and other pertinent information.

c. A system for program registration and assessmemt of the academic quality of the programs of study offered by degree-granting institutions by one or the other of the following methods, with the method chosen depending upon the academic tradition within the state:

(1) Reliance upon specialized accrediting agencies or regional accrediting agencies that include program-by-program assessment within their purview, if there is proper follow up to insure that recommendations are implemented.

(2) A process of self assessment by such institution of its own academic programs on at least a five-year cycle, using a system of outside visitors reporting to the board through the president, with sufficient public disclosure of the results of the process to insure that recommendations are implemented.

(3) A system of outside evaluation and registration of program under state agency auspices.

5. Special attention is warranted for such nontraditional programs as branch campus and off-campus operations, experiential learning, new program proposals and external degree arrangements.

6. The establishment, by the state, of a state information system for postsecondary education that provides objective and pertinent information about postsecondary opportunities is highly desirable.

While it may be that more staff is needed, especially in enforcement areas, the most effective state efforts in the degree-granting sector are likely to result if state activity is limited to defining standards and encouraging the establishment of self-policing arrangements within the higher education community. Direct state intervention should be the exception rather than the general practice. While state agencies should exercise their powers with restraint and sensitivity, they can be effective only if they have the power to act when action is the appropriate remedy.

I wish I could argue that voluntary accreditation is sufficient. Unfortunately it is not and for the following reasons:

1. Accreditation relates to the total institution. There are examples of relatively small institutions enjoying accreditation that undertook major off-campus or specialized programs enrolling three and four times their regular enrollments, growing essentially on the basis of revenues from state and federal tuition aid programs. Or often adequate undergraduate institutions undertake graduate missions that are weak and limited. Individual quality programs in addition to overall institutional capability are warranted.

2. Institutions accredited on a basic campus franchise or offer branch campus operations that are not monitored. The voluntary accrediting associatons are now beginning to monitor branch campus operatons.

3. Visiting accreditation teams may talk tough in informal conversations, but they issue the blandest kinds of reports, certainly not the kind of report on which a state can act.

4. The interval between accreditation visits is too long a period to countenance abuse. State agencies may identify abuses more rapidly and establish special visits to settle such questions.

Yet, I would argue that state agencies should rely heavily upon voluntary accreditation, if only to establish minimum standards, but the nature and extent of the reliance should be at the discretion of the state agency.

Finally, I should like to raise some concerns about potential and actual abuses by state licensing agencies, especially those whose major area of activity are in the field of higher

education. The state agency is under the following pressures:

1. Liberal administration of existing statutes, rules and regulations when applied to domestic institutions, especially degree-granting institutions under nongovernmental sponsorship.
2. Strict interpretation and administration of existing statutes, rules and regulations when applied to foreign institutions.
3. Liberal interpretation of student aid policies for resident students attending domestic institutions.
4. Limitations on student aid for resident students attending out-of-state institutions.

If compliant with these pressures, states are inviting a U.S. Supreme Court test of the "commerce" clause as regards higher education.

In a previous existence I worked in New York, a state concerned with maintaining maximum enrollments. State student aid could not be used outside of the state or at foreign institutions operating branch campuses within the state. Foreign institutions can operate in the state only if a New York institution is unable to meet the need.

My present employer, the generous and public spirited state of New Jersey, has established a more open policy. Student aid is "portable" on a reciprocal basis (only six other states are able to reciprocate). New Jersey does permit an out-of-state institution that meets New Jersey standards to operate within the state if the incoming institution meets a demonstrated need within the state. Need is established if a school system, a commercial corporation or other agency concludes that a relationship with the out-of-state institution is most appropriate in relation to the needs after review of the alternative arrangements that could be made with a New Jersey institution. By way of contrast, need in New York is established only if there is no New York institution available and willing to undertake the program, not a likely possibility at this time. If the New York definition becomes widely accepted, interstate institutional mobility will be impossible.

Although off-campus and branch campus operations raise academic questions, these can be resolved through appropriate licensure standards. Absolute interstate barriers to branch campus operations are an undesirable outcome, especially if it is paraded under the banner of academic standards.

In summary, the authors of the AIR study are right on target both in their findings and recommendations. Support for their recommendations is warranted.

II. A National/Federal Perspective

John D. Phillips
President, National Association of Independent Colleges and Universities

In one of my previous conditions of servitude, as Deputy U.S. Commissioner of Education, I had the great pleasure of working *for* John Proffitt and his Division of Eligibility and Agency Evaluation. That is to say, I was John Proffitt's supervisor. I would describe this relationship as roughly akin to that between Billy Martin and Reggie Jackson. That is, I was in constant peril of being fired by the owner of the U.S. Office of Education (USOE) ball club (Martin Kramer), depending largely on the performance of my heavy-hitting but temperamental star ballplayer (John Proffitt) — who, in turn, faced considerable trouble getting his game together because of constant meddling and interference from the front office.

It was just about three years ago — while this uneasy relationship between Kramer, Phillips and Proffitt was being artfully worked out — that the rhetorical battle cry of "fraud and abuse" began to reverberate through the halls of Congress and the Department of Health, Education and Welfare (DHEW), following the sensationalized disclosures in the cases of advance schools and the West Coast trade schools. Indeed, I cannot yet escape the memory of our first full-scale meeting on fraud and abuse in my office on a typically overheated summer day in 1975. In retrospect I see clearly that the meeting marked the beginning of the end for those easy, informal and essentially trusting protocols among federal, state and voluntary accrediting agencies that had predominated throughout the 16-year development of federal

student aid programs — from a tidy $3-million National Defense Student Loan Program appropriation in 1959 tc an enormous multi-faceted $3-billion appropriation in 1975.

The tight-lipped investigator from the Department of Justice had required me to sign personally for the sealed brown envelope marked "administrative-confidential." I already had read through the litany of miscreance while he waited impatiently and perspiringly across the room. I already had been told in no uncertain terms that it was my responsibility as Deputy Commissioner to act immediately and forthrightly to halt this "fraud and abuse." And finally, of course, I already had been advised in equally certain terms by the DHEW Office of General Counsel that I had absolutely no authority under the law, not to mention any administrative capacities, to carry out the instructions from the Department of Justice.

It was in this context that the first meeting of owner, manager and star ballplayer on the subject of fraud and abuse took place in my office on that hot summer day in 1975. It was clear to all three parties — and our various agents and seconds arrayed around the table — that we would be up against an enormous set of administrative tasks over an extended time period just to redirect our bureaucratic apparatus from the primary business of helping needy students to the primary business of tracking down and prosecuting (I did not say persecuting) the perpetrators of fraud and abuse. But that could wait, as what we needed to concentrate on first was the lack of legislative authority to guide the bureaucratic apparatus, and the question was: "What authorities should we seek in the Higher Education Amendments of 1976 to bring the problem under effective control?"

I see now that the discussion of that question, which extended over many more meetings on many more steamy afternoons, was essentially a discussion by proxy of the entire system of triad relationships that had grown up around the administration of federal higher education programs since 1958. The owner had previously stated his views on the matter in the Newman report. He plumped furiously for a major expansion of direct federal powers to review, to recognize, to license and even in some cases to directly accredit postsecondary institutions seeking to secure or maintain eligibility for themselves and their students to participate in federal programs.

The manager, a classical Republican type who hailed from a civilized state and had been heavily influenced by his personal involvement with the Education Commission of the States (ECS) in the establishment of the 1202 state commissions, argued forcefully for expanding the powers, authorities and capacities of the states and for providing federal financial incentives to link together the state coordinating commissions, the state student aid agencies and the state educational licensing agencies in a coordinated system to deal with fraud and abuse. And the star ballplayer, having spent years becoming seasoned in the tradition of exerting governmental influence discreetly and indirectly through recognition of voluntary self-governing bodies that, in turn, required compliance with generally accepted community standards, argued persuasively for expanding the powers, authorities and capacities of the accrediting agencies to review and certify the integrity or "probity" of institutional administrative and financial practices as part of their regular accreditation review processes.

Now it is true that both the owner and the manager succeeded in so thoroughly discrediting each others' arguments that they created a readily available opportunity for the star ballplayer to prevail. But, for the benefit of any who thus far have missed the opportunity to contend with John Proffitt in a policy dispute, I should point out that his lifetime batting average in such matters is pretty good for an old Kentucky country hardball player, and much better than Reggie Jackson's.

On the other hand, as so often happens to good bureaucratic ballplayers, they win all the battles and still lose the wars. The owner and manager eventually agreed to make common cause with the star ballplayer, carefully constructing a coalition of various interests within the postsecondary education community to advance and support amendments of the Higher Education Act to strengthen the capacity of accrediting bodies to control fraud and abuse by simply requiring these agencies to review and certify the integrity of institutional administrative and financial practices instead of empowering the federal or state governments to do so.

What began as an honest effort to encourage self regulation as an alternative to government regulation soon dissolved into "The Great Probity Debate," in which the members of the accrediting establishment looked squarely into the mouth of this gift horse, decided that they did not much like its federal breeding and bloodlines and set out to defeat the bill. The postsecondary community was thus sufficiently divided to give members of Congress a plausible excuse to do nothing about the problem in the

1976 amendments, which is precisely what they did.

The scene now shifts to the air-conditioned office of the Undersecretary of DHEW on a day in the summer of 1976 — shortly after it had become inescapably clear that Congress would not consider the Administration's proposal to rely primarily on the voluntary accrediting agencies to deal with the problem. The tight-lipped men from the Department of Justice were there, demanding to know what we were going to do now that the path of legislation to rely upon voluntary self regulation had been blocked. The equally tight-lipped men from the new and rapidly expanding DHEW Office of Investigations were also there and they wanted to know just what we were going to do about the problem. The men from the DHEW Controller's Office and from the Office of Management and Budget were also there, and they too wanted to know what we were going to do to reassure the Congress that they could go ahead and appropriate $3 billion to sustain the student aid programs for another year without having the programs victimized by fraud and abuse.

After some preliminary commentary about the stupidity of the USOE ball club for having tried to work out a solution in collaboration with those reactionary accrediting people, and some countervailing commentary about the unseemliness of a Republican Administration totally reversing its field and advocating expanded federal controls, the process of elimination was quickly completed. The idea of relying primarily on the state governments to solve the problem suddenly gripped everyone in the room with the tenacity of some mystical "Great Discovery."

The rest of the story is recent history with which we are all quite familiar. John Proffitt and I attended the Keystone conference with state licensing and regulating officials, positively exuding enthusiasm and confidence about the prospects for a state-federal partnership to protect the consumers of postsecondary education services against institutional fraud and abuse, thereby filling the vacuum created by the unwillingness of the accreditors to accept responsibility for prosecuting the predators. Then we returned to Washington to prepare and issue the RFP (request for proposal), which eventually produced the American Institutes for Research (AIR) report setting forth a plausible justification for an enormous expansion of state controls on postsecondary education in the name of consumer protection, and an equally plausible justification for federal matching grants to support that effort.

I recount all of this history not to lay the dead hand of a former federal official on the collective shoulders of those participating in this seminar, but rather in an effort to put this discussion of the AIR report into a proper perspective. From that perspective, it strikes me that we are in grave danger of pushing blindly ahead with a course of action accidentally hit upon two years ago to solve a problem that fell upon us three years ago, without sufficient pause to consider the possibility that we, like the perennial French generals and the orthodox American economists, may be preparing ourselves to fight the last war or cope with the last economic crisis rather than dealing effectively with the next one.

It seems to me that the next war will not be over how much more government control we must have to deal effectively with such issues as consumer protection or fraud and abuse, but rather how much less government control we can achieve to deal effectively with the much more fundamental issues of persistent inflation, the basic freedom of our business and financial institutions to produce, the basic integrity of our educational institutions and study programs, and the basic rights of individuals to lead a full and rich life unfettered by runaway government controls imposed in the name of protecting them.

If you agree with me that we are facing a massive readjustment in the balance of power between government and other institutions of American life, then the AIR report must be seen not as charting a positive course but rather as a pretext for further extensions and refinements of government powers that must at least be resisted, if not reversed. It is more critical today than ever before that we fully and fairly explore the possibilities for voluntary self regulation — preferably through expansion of accreditation processes, but otherwise if necessary — rather than erecting yet another collection of government controls and another self-perpetuating bureaucracy to administer them.

IV. A Federal Perspective

Alfred Moyé
Deputy Commissioner For Higher and Continuing Education
U.S. Office of Education

In his opening statement to this conference, Governor Otis Bowen struck an important theme. This conference, like those that preceeded it, is part of a continuing effort by federal, state and educational institutional representatives to join in a common effort to address issues of universal concern in the postsecondary education arena. I am pleased to be here as a participant, and on behalf of the U.S. Commissioner of Education, Ernest Boyer, to extend his welcome to you and his hope that we will have a most productive and constructive conference.

As I believe you know, the U.S. Office of Education's (USOE) interest in these proceedings spring from its support of the "triad concept," which involves the federal government, state agencies and accrediting bodies in a division of responsibilities concerning USOE's eligibility system for administering student and institutional assistance programs. It was this support that lead to the issuance by the USOE of a contract with the American Institutes for Research (AIR) to provide an indepth profile of the strengths and limitations of state legal chartering and approval procedures, including specific suggestions for strategies that might be employed in order to help state agencies acquire stronger laws and enforcement mechanisms.

Due to a number of well-publicized institutional abuses of students who were recipients of federal aid programs, protection of students had become a significant problem to USOE. These abuses had been the topic of several research studies and national conferences, all of which called for efforts at strengthening the state role in authorizing and oversight of postsecondary institutions. Therefore, we believed that a study was needed to assess the degree to which postsecondary state licensing and approving agencies provide student consumer protection by preventing or correcting abusive, and potentially abusive, institutional policies, practices and conditions.

The AIR study now is completed, and certainly it is a substantial and significant research effort. Because of its scope and because of the range of its findings and recommendation, we in the Office of Education have concluded that it was important not only to communicate its results to all state approval agencies, but also to provide a forum in which participants in the triad system could meet in order to discuss its implications. We were especially gratified when the Education Commission of the States agreed to cosponsor this conference with us and have been equally gratified by the joining of other agencies, public and private, as cooperating members. The interest of these agencies in the conference augers well for its outcome.

Clearly, one of the most important findings of the AIR study is that 48 states and the District of Columbia exercise some sort of licensing authority over private nondegree-granting institutions and that 38 states exercise specific licensing authority over traditional private nondegree-granting institutions. This data strikes at an old shibboleth regarding state oversight activity. Not only do the states have the major constitutional responsibility for governing postsecondary institutions within their boundaries, but it is clear that they have been, and continue to be, attentive to this responsibility.

Another important area of the study findings relates to state authorizing/oversight agency officials' perceptions of the U.S. Office of Educa-

sion's role. I sense a desire on the part of state agency representatives for USOE to assist in developing some kind of communication mechanism for the states in order to assist state agency officials in sharing information about schools that operate in more than one state. I also sense a desire that the office provide workshops and technical assistance, including legal experts and research studies, that will allow state agency officials to acquire new knowledge, skills and techniques for oversight. In these areas, USOE looks to this conference for guidance. For this reason, I am pleased that the conference steering committee has explicitly included among the items for discussion, the following questions:

1. How can the U.S. Office of Education assist states in discharging the state licensing of postsecondary institutions?
2. What should be the relationship of state licensing to institutional eligibility for federal funding?

These questions are not confined to the AIR study, or to the Office of Education or to the states. They are questions also on the minds of others. Recently, the General Accounting Office (GAO), in a draft report entitled "The Office of Education's Eligibility Process — What Assurances Does it Provide," recommends that the Commissioner of Education: (1) develop the capability to provide technical assistance and leadership to states to upgrade their authorization and monitoring progress including initial authorization and monitoring capabilities, and (2) propose legislation to the Congress that would provide adequate financial support to the states to improve the state authorization process.

John Proffitt will shortly be reviewing with you the findings and recommendations of the GAO report. In the U.S. Department of Health, Education and Welfare's (DHEW) response to the two GAO recommendations I have cited, we have stated that these items will be reviewed at this conference, following which DHEW and USOE will consider the appropriate directions to take, including the need for legislation. So, I urge you to explore carefully and thoroughly those questions concerning the relationship between state licensure and institutional eligibility for federal funding, including the issue of whether or not USOE should establish recognition criteria for state licensing bodies (similar to those already in use for accrediting agencies) and should recognize, and provide aasistance to, those state licensing agencies that meet the recognition criteria.

I can assure you that your collective counsel on these questions will be given the most careful consideration by DHEW and USOE. Once again, on behalf of the commissioner, I want to thank you for coming to this conference. We are delighted that you are here, and we hope that this will be a very profitable conference for all of us.